

CC:IT&A:TR-45-1631-90
Br2:KALa Cour

FEB 28 1991

Regional Technical Coordinator
Midwest Region

Assistant Chief Counsel (Income Tax & Accounting)

Technical Coordination Report 17,840

In the subject TCR, received by us in October of 1989, Mr. Hal Jackson states that it is not clear whether a partner can deduct unreimbursed expenses incurred in performing partnership duties above the line under section 62(a)(1) of the Internal Revenue Code. He states that a partner's unreimbursed expenses do not meet the definition of trade or business deductions under section 62 of the Code. Thus, such expenses should be deducted below the line under section 63, subject to the section 67 limitations. He believes that many partners are incorrectly deducting their unreimbursed expenses above the line on Schedule C or Schedule E.

We have discussed Mr. Jackson's report with Passthroughs and Special Industries (CC:PS&I). Mr. Jim Hogan, CC:PS&I:02, is considering a revenue ruling project which impacts on our issue, and we have requested coordination (Proposed Rev. Rul.: Limited Partners as Employees, TR-33-197-89). We are also taking action to open a revenue ruling project on the issue in CC:IT&A.

Accordingly, we are closing the TCR and recommending the issue for publication. We appreciate Mr. Jackson's interest and initiative in submitting his report. Copies of this memorandum are attached for the Regional Technical Coordinator, Mr. Jackson, and other interested persons.

(signed) Robert A. Berkovsky

By _____
Robert A. Berkovsky
Chief, Branch 2

Attachment:
As stated(3)

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